



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE

March 17, 2014

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on O'Brien County, Iowa.

The County had local tax revenue of \$21,819,189 for the year ended June 30, 2013, which included \$1,038,917 in tax credits from the state. The County forwarded \$16,011,804 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,807,385 of the local tax revenue to finance County operations, a 3.2% increase over the prior year. Other revenues included charges for service of \$612,858, operating grants, contributions and restricted interest of \$1,736,712, capital grants, contributions and restricted interest of \$4,255,779, tax increment financing of \$597,052, local option sales tax of \$501,867, unrestricted investment earnings of \$48,595 and other general revenues of \$73,960.

Expenses for County operations totaled \$11,819,720, a 2.7% decrease from the prior year. Expenses included \$4,671,129 for roads and transportation, \$2,950,761 for public safety and legal services and \$1,065,320 for administration.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1310-0071-B00F.pdf>.

# # #



**O'BRIEN COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2013**

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**O'Brien County**

**Officials**

**(Before January 2013)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Haack	Board of Supervisors	Jan 2013
Richard Haack	Board of Supervisors	Jan 2013
Emily Waund	Board of Supervisors	Jan 2013
James DeBoom	Board of Supervisors	Jan 2013
Thomas Farnsworth	Board of Supervisors	Jan 2015
Barbara Rohwer	County Auditor	Jan 2013
Phyllis Rohlfen	County Treasurer	Jan 2015
Kurt Brown	County Recorder	Jan 2015
Michael J. Anderson	County Sheriff	Jan 2013
Micah Schreurs	County Attorney	Jan 2015
Lowell L. Dykstra	County Assessor	Jan 2016

**(After January 2013)**

Thomas Farnsworth	Board of Supervisors	Jan 2015
Daniel Friedrichsen	Board of Supervisors	Jan 2015
James DeBoom	Board of Supervisors	Jan 2017
Nancy McDowell	Board of Supervisors	Jan 2017
John Steensma	Board of Supervisors	Jan 2017
Barbara Rohwer	County Auditor	Jan 2017
Phyllis Rohlfen	County Treasurer	Jan 2015
Kurt Brown	County Recorder	Jan 2015
Michael J. Anderson	County Sheriff	Jan 2017
Micah Schreurs	County Attorney	Jan 2015
Lowell L. Dykstra	County Assessor	Jan 2016

**O'Brien County**



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Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Officials of O'Brien County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of O'Brien County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of O'Brien County as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 50 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise O'Brien County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.


The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2014 on our consideration of O'Brien County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering O'Brien County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 11, 2014

**O'Brien County**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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O'Brien County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2013, along with comparative data for the year ended June 30, 2012. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2013 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 6.8%, or approximately \$994,000, from fiscal year 2012 to fiscal year 2013. Property and other county tax increased approximately \$280,000. Capital grants, contributions and restricted interest increased approximately \$2,480,000. Operating grants, contributions and restricted interest decreased approximately \$2,422,000.
- Program expenses of the County's governmental activities were approximately \$11,818,000 in fiscal year 2013, or approximately 2.7% less than in fiscal year 2012. Roads and transportation expenses increased approximately \$336,000 and mental health expenses decreased approximately \$1,024,000.
- The County's net position increased 7.7%, or approximately \$1,814,000, from June 30, 2012 to June 30, 2013.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of O'Brien County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report O'Brien County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which O'Brien County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Internal Service and Agency Funds.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Proprietary funds account for the County's Internal Service, Employee Health Insurance and Workers' Compensation Self Insurance Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for E911 surcharges, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

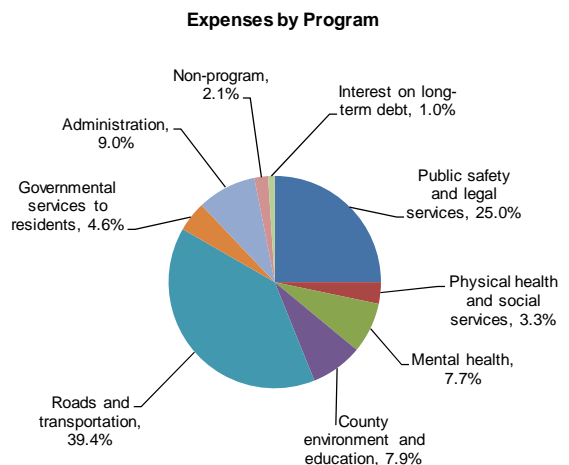
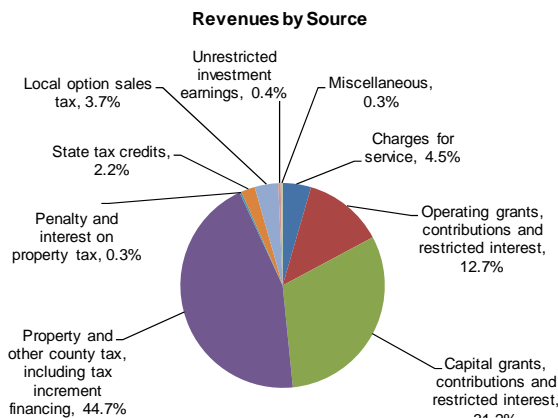
As noted earlier, net position may serve over time as a useful indicator of financial position. O'Brien County's combined net position increased from a year ago, from approximately \$23.6 million to approximately \$25.4 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2013	2012
Current and other assets	\$ 15,531	15,619
Capital assets	19,569	18,413
Total assets	35,100	34,032
Long-term liabilities	3,011	3,799
Other liabilities	6,702	6,660
Total liabilities	9,713	10,459
Net position:		
Net investments in capital assets	17,189	15,169
Restricted	4,806	5,109
Unrestricted	3,392	3,295
Total net position	\$ 25,387	23,573

Net position of O'Brien County's governmental activities increased approximately \$1,814,000, or 7.7%. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$3,295,000 at June 30, 2012 to approximately \$3,392,000 at the end of this year, an increase of 2.9%.

Changes in Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2013	2012
Revenues:		
Program revenues:		
Charges for service	\$ 613	1,978
Operating grants, contributions and restricted interest	1,736	4,158
Capital grants, contributions and restricted interest	4,256	1,776
General revenues:		
Property and other county tax, including tax increment financing	6,105	5,825
Penalty and interest on property tax	38	39
State tax credits	298	254
Local option sales tax	502	503
Unrestricted investment earnings	48	69
Gain on disposition of capital assets	-	24
Miscellaneous	36	-
Total revenues	13,632	14,626
Program expenses:		
Public safety and legal services	2,951	2,760
Physical health and social services	390	423
Mental health	908	1,932
County environment and education	928	857
Roads and transportation	4,671	4,335
Governmental services to residents	538	520
Administration	1,065	939
Non-program	249	193
Interest on long-term debt	118	186
Total expenses	11,818	12,145
Increase in net position	1,814	2,481
Net position beginning of year	23,573	21,092
Net position end of year	\$ 25,387	23,573



O'Brien County's net position of governmental activities increased approximately \$1,814,000 during the year. Revenues for governmental activities increased approximately \$994,000 over the prior year. Property and other county tax revenue increased approximately \$280,000, or 4.8%, over the prior year. Capital grants, contributions and restricted interest increased approximately \$2,480,000, due primarily to infrastructure and land contributions from the State of Iowa. Operating grants, contributions and restricted interest decreased approximately \$2,422,000, due primarily to decreases in I-Jobs and FEMA revenues.

The cost of all governmental activities this year was approximately \$11.8 million compared to approximately \$12.1 million last year. However, as shown in the Statement of Activities on page 20, the amount property taxpayers ultimately financed for these activities was approximately \$5.2 million because some of the cost was paid by those who directly benefited from the programs, approximately \$.6 million, and by other governments and organizations which subsidized certain programs with grants and contributions, approximately \$6.0 million. Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2013 from approximately \$7,912,000 to approximately \$6,605,000. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As O'Brien County completed the year, its governmental funds reported a combined fund balance of approximately \$7.5 million, a decrease of \$114,906 from last year's total of approximately \$7.7 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$39,000, or .8%, while expenditures increased approximately \$88,000 from the prior year to approximately \$4,796,000, an increase of 1.9% over the prior year. The ending fund balance increased approximately \$130,000 over the prior year to approximately \$2,997,000.
- Mental health services expenditures for the year totaled approximately \$908,000, a decrease of 52.9% from the prior year. This is principally due to a decrease in intergovernmental revenue of approximately \$940,000. Revenues decreased approximately \$40,000, a decrease of 72% from the prior year. The Special Revenue, Mental Health Fund balance decreased approximately \$1,100 from the prior year to approximately \$376,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$193,000, principally due to an increase in property tax and other county tax of approximately \$156,000. The County increased the rural services property tax levy rate from \$3.56304 per \$1,000 of taxable valuation in fiscal year 2012 to \$3.65048 per \$1,000 of taxable valuation in fiscal year 2013. Expenditures increased approximately \$105,000 over the prior year to approximately \$928,000, an increase of 12.8% over the prior year. The ending fund balance decreased approximately \$15,000 from the prior year to approximately \$398,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$274,000, primarily due to an increase in intergovernmental revenues. Expenditures increased approximately \$1,081,000 from the prior year to approximately \$4,903,000, an increase of 28.3% over the prior year. The increase is primarily due to an increase in capital project expenditures. The ending fund balance decreased approximately \$145,000 from the prior year to approximately \$3,397,000.

- Special Revenue, County Urban Renewal Fund revenues increased approximately \$142,000, an increase of 31.0%. This is principally due to an increase in tax increment financing revenues. Expenditures increased approximately \$259,000, an increase of 60.2%. The increase is primarily due to an increase in debt service expenditures. The ending fund balance decreased approximately \$89,000 over the prior year to approximately \$174,000.
- Debt Service Fund revenues remained similar to the prior year. Debt service expenditures increased approximately \$1,511,000, an increase of approximately 500%, to \$1,813,064. This increase is due primarily to refunding the 2005 general obligation notes.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, O'Brien County amended its budget three times. The first amendment was made in January 2013. This resulted in an increase of budgeted disbursements of \$1,675,053. The largest increase was \$1,502,641 in the Debt Service Fund. This is due to refinancing general obligation notes for the public safety building. The second amendment was made in March 2013 and resulted in increases or decreases in budgeted disbursements for all functions except nonprogram, netting to an overall decrease of \$725,714. Intergovernmental receipts and mental health function disbursements decreased \$664,855 and \$728,238, respectively, due to the State's restructuring of how mental health services are paid for. Offsetting this large decrease in disbursements, county environment and education function budgeted disbursements increased \$87,500 for a grant for a boat ramp. The third amendment was made in May 2013 and resulted in an increase of \$100,000 in budgeted disbursements for the roads and transportation function for the purchase of rail cars for bridge projects.

The County's receipts were \$169,565 more than budgeted, a variance of 1.4%. The variance is a result of a conservative budgeting process which underestimates projected receipts for the County.

Total disbursements were \$1,213,920, or 7.8%, less than the amended budget. Actual disbursements for the public safety and legal services, county environment and education and roads and transportation functions were under budget by \$166,981, \$100,416 and \$734,635, respectively. Correctional services did not spend as much on salaries and building repair. County environment and education did not spend as much on area development. Roads and transportation did not complete as much roadway construction and maintenance and servicing of roadway and bridges as anticipated. Actual disbursements did not exceed the budget in any function during fiscal year 2013.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2013, O'Brien County had approximately \$19.6 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$ 1.2 million, or 6.3%, over the prior year.



Capital Assets of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2013	2012
Land	\$ 378	378
Buildings and improvements	3,560	3,703
Equipment and vehicles	2,913	2,848
Infrastructure	12,718	11,484
Total	\$ 19,569	18,413
This year's major additions included (in thousands):		
Secondary Roads infrastructure		\$ 2,008
Loader for Secondary Roads		141
Truck for Secondary Roads		111
Two spreaders for Secondary Roads		70
Vehicles for Secondary Roads		55
Three vehicles for Sheriff's Department		80
Total		\$ 2,465

The County had depreciation expense of \$1,307,671 in fiscal year 2013 and total accumulated depreciation of \$10,617,416 at June 30, 2013. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2013, O'Brien County had \$2,380,000 of general obligation bonds/notes outstanding, compared to \$3,243,856 at June 30, 2012. During the year ended June 30, 2013, the County issued general obligation urban renewal refunding bonds to refund the Series 2005 general obligation refunding notes.

The County continues to carry a general obligation bond rating of AAA assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. O'Brien County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$64.2 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

O'Brien County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. According to information from Iowa Workforce Development, unemployment in the County stands at 3.7% versus 4.2% a year ago. This compares with the State's unemployment rate of 4.6% and the national rate of 7.6% for the period ended June 30, 2013.

These indicators were taken into account when adopting the budget for fiscal year 2014. Amounts available for appropriation in the operating budget were approximately \$14.7 million, a decrease of 7.1% from the final fiscal year 2013 budget. Budgeted disbursements are expected to increase \$1,322,815 over fiscal year 2013 actual disbursements. If these estimates are realized, the County's budgetary operating balance is expected to decrease \$1,946,553 by the close of fiscal year 2014.

O'Brien County considered the current year's revenues, along with the historical revenues versus expenditures, when setting the levy rates for fiscal year 2014. A major factor in estimating many of the revenues from the State of Iowa was the current financial condition of the State and the history of the Iowa Legislature cutting funding for counties.

The County fee structure is based on state law. Therefore, any increases in revenues in this area would need to be legislated. It is O'Brien County's position to charge the highest rate allowable by law to recoup the actual cost of the programs.

O'Brien County has a tendency to underestimate revenues, resulting in higher than anticipated ending fund balances. The County's philosophy is to budget for the recommended, but not currently legislated, 25% ending fund balances. This percentage is based on total expenditures in the respective fund for the year.

#### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of O'Brien County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the O'Brien County Auditor's Office, O'Brien County Courthouse, 155 South Hayes, Primghar, Iowa 51245.

## **O'Brien County**

## **Basic Financial Statements**

O'Brien County  
Statement of Net Position  
June 30, 2013

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 7,508,870
Receivables:	
Property tax:	
Delinquent	2,499
Succeeding year	5,625,000
Succeeding year tax increment financing	597,000
Interest and penalty on property tax	8,760
Accounts	106,551
Accrued interest	4,297
Due from other governments	544,865
Inventories	1,055,619
Prepaid insurance	77,619
Capital assets, net of accumulated depreciation	19,569,250
<b>Total assets</b>	<b>35,100,330</b>
<b>Liabilities</b>	
Accounts payable	435,332
Accrued interest payable	1,754
Salaries and benefits payable	31,371
Due to other governments	11,746
Deferred revenue:	
Succeeding year property tax	5,625,000
Succeeding year tax increment financing	597,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	715,000
Compensated absences	265,212
Portion due or payable after one year:	
General obligation bonds/notes	1,665,000
Net OPEB liability	365,810
<b>Total liabilities</b>	<b>9,713,225</b>
<b>Net Position</b>	
Net investment in capital assets	17,189,250
Restricted for:	
Supplemental levy purposes	473,325
Mental health purposes	374,071
Rural services purposes	330,867
Secondary roads purposes	3,236,792
Drainage purposes	61,567
Conservation land acquisition	10,221
Debt service	181,048
Other purposes	137,875
Unrestricted	3,392,089
<b>Total net position</b>	<b>\$ 25,387,105</b>

See notes to financial statements.

**Exhibit B**

## O'Brien County

## Statement of Activities

Year ended June 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Expenses					
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 2,950,761	-	929,274	33,633	(1,987,854)
Physical health and social services	390,382	-	12,369	159,324	(218,689)
Mental health	908,269	-	144,150	190,481	(573,638)
County environment and education	928,778	-	119,580	13,639	(795,559)
Roads and transportation	4,671,129	24,907	121,532	3,858,702	(665,988)
Governmental services to residents	538,378	346,258	290,607	-	98,487
Administration	1,065,320	-	11,984	-	(1,053,336)
Non-program	248,839	241,693	106,881	-	99,735
Interest on long-term debt	117,864	-	335	-	(117,529)
Total	\$ 11,819,720	612,858	1,736,712	4,255,779	(5,214,371)
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					5,220,983
Debt service					288,315
Tax increment financing					597,052
Penalty and interest on property tax					38,248
State tax credits					298,087
Local option sales tax					501,867
Unrestricted investment earnings					48,595
Miscellaneous					35,712
Total general revenues					7,028,859
Change in net position					1,814,488
Net position beginning of year					23,572,617
Net position end of year					\$ 25,387,105

See notes to financial statements.

**O'Brien County**

O'Brien County  
Balance Sheet  
Governmental Funds

June 30, 2013

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 2,836,747	415,328	288,300	2,183,988
Receivables:				
Property tax:				
Delinquent	1,717	302	293	-
Succeeding year	3,106,000	535,000	1,720,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	8,760	-	-	-
Accounts	616	-	-	1,588
Accrued interest	3,067	-	-	-
Advances to other funds	-	-	-	68,482
Due from other governments	150,394	37,432	104,973	252,066
Inventories	-	-	-	1,055,619
Prepaid insurance	45,233	520	6,954	24,912
<b>Total assets</b>	<b>\$ 6,152,534</b>	<b>988,582</b>	<b>2,120,520</b>	<b>3,586,655</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 20,544	66,849	2,525	148,380
Salaries and benefits payable	15,822	-	-	15,549
Advances from other funds	-	-	-	-
Due to other governments	2,706	9,040	-	-
Deferred revenue:				
Succeeding year property tax	3,106,000	535,000	1,720,000	-
Succeeding year tax increment financing	-	-	-	-
Other	10,880	2,016	293	26,131
Total liabilities	3,155,952	612,905	1,722,818	190,060
Fund balances:				
Nonexpendable:				
Inventories	-	-	-	1,055,619
Prepaid insurance	45,233	520	6,954	24,912
Advances to other funds	-	-	-	68,482
Restricted for:				
Supplemental levy purposes	492,378	-	-	-
Mental health purposes	-	375,157	-	-
Rural services purposes	-	-	390,748	-
Secondary roads purposes	-	-	-	2,247,582
Drainage purposes	-	-	-	-
Conservation land acquisition	10,221	-	-	-
Debt service	-	-	-	-
Other purposes	34,395	-	-	-
Committed for ambulance replacement	136,068	-	-	-
Unassigned	2,278,287	-	-	-
Total fund balances	2,996,582	375,677	397,702	3,396,595
<b>Total liabilities and fund balances</b>	<b>\$ 6,152,534</b>	<b>988,582</b>	<b>2,120,520</b>	<b>3,586,655</b>

See notes to financial statements.



County Urban Renewal	Debt Service	Nonmajor	Total
242,053	8,944	199,348	6,174,708
-	187	-	2,499
-	264,000	-	5,625,000
597,000	-	-	597,000
-	-	-	8,760
-	-	-	2,204
99	1	94	3,261
-	-	-	68,482
-	-	-	544,865
-	-	-	1,055,619
-	-	-	77,619
839,152	273,132	199,442	14,160,017

-	-	-	238,298
-	-	-	31,371
68,482	-	-	68,482
-	-	-	11,746
-	264,000	-	5,625,000
597,000	-	-	597,000
-	187	-	39,507
665,482	264,187	-	6,611,404

-	-	-	1,055,619
-	-	-	77,619
-	-	-	68,482
-	-	-	492,378
-	-	-	375,157
-	-	-	390,748
-	-	-	2,247,582
-	-	61,567	61,567
-	-	-	10,221
173,670	8,945	-	182,615
-	-	137,875	172,270
-	-	-	136,068
-	-	-	2,278,287
173,670	8,945	199,442	7,548,613
839,152	273,132	199,442	14,160,017

**O'Brien County**

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O'Brien County  
Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Position

June 30, 2013

**Total governmental fund balances (page 23)** \$ 7,548,613

***Amounts reported for governmental activities in the Statement of  
Net Position are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$30,186,666 and the accumulated depreciation is \$10,617,416 19,569,250

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 39,507

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan and workers' compensation self insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 1,242,511

Long-term liabilities, including bonds/notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (3,012,776)

**Net position of governmental activities (page 19)** \$ 25,387,105

See notes to financial statements.

O'Brien County

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2013

	Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	County Urban Renewal
Revenues:					
Property and other county tax	\$ 3,082,977	542,098	1,594,029	-	-
Local option sales tax	-	-	501,867	-	-
Tax increment financing	-	-	-	-	597,052
Interest and penalty on property tax	64,261	-	-	-	-
Intergovernmental	996,277	364,568	163,838	3,176,250	-
Licenses and permits	12,200	-	-	100,310	-
Charges for service	501,052	-	-	-	-
Use of money and property	170,533	-	-	2,597	2,666
Miscellaneous	98,060	-	17,599	77,973	-
Total revenues	4,925,360	906,666	2,277,333	3,357,130	599,718
Expenditures:					
Operating:					
Public safety and legal services	2,073,828	-	777,523	-	-
Physical health and social services	384,762	-	-	-	-
Mental health	-	907,760	-	-	-
County environment and education	750,258	-	148,359	-	-
Roads and transportation	-	-	-	3,713,831	-
Governmental services to residents	521,951	-	1,830	-	-
Administration	1,058,352	-	-	-	-
Non-program	6,456	-	-	-	-
Debt service	-	-	-	-	689,175
Capital projects	-	-	-	1,189,530	-
Total expenditures	4,795,607	907,760	927,712	4,903,361	689,175
Excess (deficiency) of revenues over (under) expenditures	129,753	(1,094)	1,349,621	(1,546,231)	(89,457)
Other financing sources (uses):					
General obligation refunding bond proceeds	-	-	-	-	-
General obligation refunding bond discount	-	-	-	-	-
Sale of capital assets	-	-	-	37,240	-
Operating transfers in	143	-	-	1,364,469	-
Operating transfers out	-	-	(1,364,469)	-	-
Total other financing sources (uses)	143	-	(1,364,469)	1,401,709	-
Change in fund balances	129,896	(1,094)	(14,848)	(144,522)	(89,457)
Fund balances beginning of year	2,866,686	376,771	412,550	3,541,117	263,127
Fund balances end of year	\$ 2,996,582	375,677	397,702	3,396,595	173,670

See notes to financial statements.

Debt Service	Nonmajor	Total
288,365	-	5,507,469
-	-	501,867
-	-	597,052
-	-	64,261
14,409	11,182	4,726,524
-	-	112,510
-	3,664	504,716
335	1,347	177,478
-	-	193,632
303,109	16,193	12,385,509
-	4,501	2,855,852
-	814	385,576
-	-	907,760
-	5,930	904,547
-	-	3,713,831
-	712	524,493
-	-	1,058,352
-	-	6,456
1,813,064	-	2,502,239
-	231	1,189,761
1,813,064	12,188	14,048,867
(1,509,955)	4,005	(1,663,358)
1,515,000	-	1,515,000
(3,788)	-	(3,788)
-	-	37,240
-	-	1,364,612
-	(143)	(1,364,612)
1,511,212	(143)	1,548,452
1,257	3,862	(114,906)
7,688	195,580	7,663,519
8,945	199,442	7,548,613

## O'Brien County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2013

**Change in fund balances - Total governmental funds (page 27)** \$ (114,906)

***Amounts reported for governmental activities in the Statement of Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,481,794	
Capital assets contributed by the Iowa Department of Transportation	1,028,710	
Depreciation expense	(1,307,671)	1,202,833

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (46,323)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	1,829	
Other	(35,698)	(33,869)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Governmental funds report discounts when debt is first issued, whereas the discount is deferred and amortized in the Statement of Activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year debt repayments exceeded debt issuances and amortization of bond discount, as follows:

Issued	(1,515,000)	
Repaid	2,430,000	
Amortization of bond discount	(51,144)	863,856

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(22,260)	
Other postemployment benefits	(53,310)	
Interest on long-term debt	5,519	(70,051)

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan and workers' compensation self insurance to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. 12,948

**Change in net position of governmental activities (page 20)** \$ 1,814,488

See notes to financial statements.

O'Brien County  
Statement of Net Position  
Proprietary Funds

June 30, 2013

	<u>Internal Service</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 419,659
Investments	914,503
Receivables:	
Accounts	104,347
Accrued interest	<u>1,036</u>
<b>Total assets</b>	1,439,545
<b>Liabilities</b>	
Accounts payable	<u>197,034</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$ 1,242,511</u></u>
See notes to financial statements.	

**Exhibit H**

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O'Brien County  
Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2013

	<u>Internal Service</u>
Operating revenues:	
Reimbursements from operating funds	\$ 980,619
Stop loss insurance reimbursements	168,133
Reimbursements from others	24,240
Total operating revenues	<u>1,172,992</u>
Operating expenses:	
Health claims and administrative services	<u>1,170,425</u>
Operating income	2,567
Non-operating revenues:	
Interest income	<u>10,381</u>
Net income	12,948
Net position beginning of year	<u>1,229,563</u>
Net position end of year	<u><u>\$ 1,242,511</u></u>
See notes to financial statements.	



O'Brien County  
Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2013

	Internal Service
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 980,619
Cash received from stop loss insurance reimbursements	63,786
Cash received from others	24,240
Cash paid for health claims and for administrative services	(987,932)
Cash paid for operating fund reimbursements	(870)
Net cash provided by operating activities	79,843
Cash flows from investing activities:	
Purchase of investments	(464,503)
Interest on investments	10,551
Net cash used by investing activities	(453,952)
Decrease in cash and cash equivalents	(374,109)
Cash and cash equivalents beginning of year	793,768
Cash and cash equivalents end of year	\$ 419,659
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 2,567
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in receivables	(104,347)
Increase in payables	181,623
Net cash provided by operating activities	\$ 79,843
See notes to financial statements.	

**Exhibit J**

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O'Brien County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2013

**Assets**

Cash, cash equivalents and pooled investments:

Other County officials \$ 1,112,732

Receivables:

Property tax:

Delinquent 13,320

Succeeding year 15,224,000

Accounts 15,209

Accrued interest 107

Special assessments 372,490

Due from other governments 40,940

**Total assets** 16,778,798

**Liabilities**

Accounts payable 43

Due to other governments 16,710,874

Trusts payable 37,512

Compensated absences 30,369

**Total liabilities** 16,778,798

**Net position**

\$ -

See notes to financial statements.

O'Brien County

Notes to Financial Statements

June 30, 2013

**(1) Summary of Significant Accounting Policies**

O'Brien County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, O'Brien County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present O'Brien County (the primary government) and eleven drainage districts (the component units). These component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the O'Brien County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the O'Brien County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: O'Brien County Assessor's Conference

Board, O'Brien County Emergency Management Services Commission and Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations: Northwest Iowa Multi-county Regional Juvenile Detention Center, Northwest Iowa Area Solid Waste Agency, Synergy Center and Iowa Great Lakes Drug Task Force. In addition, the County is involved in the following jointly governed organizations: Northwest Iowa Planning and Development Commission, Compass Pointe, Regional Transit Authority, New Family Crisis Center, Private Industries Council, Seasons Mental Health Center, Third Judicial District Department of Correctional Services, Upper Des Moines Opportunity, Inc., Iowa County Engineers Association Service Bureau, Regional Transit Authority/RIDES, Inc., O'Brien County Health Care Coalition, and O'Brien County Economic Development Corporation.

#### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position (previously referred to as net assets) and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on the use of net position are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The County Urban Renewal Fund is used for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

Proprietary Funds - Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds is charges to customers for sales and services. Operating expenses for the Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2012.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Advances to and from Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment, vehicles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.



Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Position consists of succeeding year property tax and tax increment financing receivables that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,563,300 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Interfund Assets/Liabilities**

The detail of advances to/from other funds at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	Special Revenue: County Urban Renewal	\$ 68,482

The advance to/from other funds resulted from the payment of urban renewal project costs from the Special Revenue, Secondary Roads Fund which will be repaid with tax increment financing collections.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Car Seat Program	\$ 92
Special Revenue: Secondary Roads	Special Revenue: Rural Services Capital Projects	1,364,469 51
Total		\$ 1,364,612

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 377,660	-	-	377,660
Construction in progress, road network	49,935	2,007,597	(476,198)	1,581,334
Total capital assets not being depreciated	427,595	2,007,597	(476,198)	1,958,994
Capital assets being depreciated:				
Buildings	4,873,764	-	-	4,873,764
Improvements other than buildings	79,537	-	(48,840)	30,697
Equipment and vehicles	7,393,555	528,123	(208,225)	7,713,453
Infrastructure, road network	15,133,560	476,198	-	15,609,758
Total capital assets being depreciated	27,480,416	1,004,321	(257,065)	28,227,672
Less accumulated depreciation for:				
Buildings	1,237,544	94,894	-	1,332,438
Improvements other than buildings	13,005	2,567	(3,907)	11,665
Equipment and vehicles	4,545,404	436,932	(181,619)	4,800,717
Infrastructure, road network	3,699,318	773,278	-	4,472,596
Total accumulated depreciation	9,495,271	1,307,671	(185,526)	10,617,416
Total capital assets being depreciated, net	17,985,145	(303,350)	(71,539)	17,610,256
Governmental activities capital assets, net	\$18,412,740	1,704,247	(547,737)	19,569,250

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 139,294
Physical health and social services	261
County environment and education	61,758
Roads and transportation	1,093,614
Administration	12,744
Total depreciation expense - governmental activities	\$1,307,671

**(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2013 is as follows:

Fund	Description	Amount
General	Services	\$ 2,706
Special Revenue:		
Mental Health	Services	9,040
Total for governmental funds		<u>\$ 11,746</u>
Agency:		
County Assessor	Collections	\$ 433,996
Schools		9,100,520
Community Colleges		466,970
Corporations		5,209,896
Townships		199,664
Auto License, Use Tax and Driver's License		325,615
E911 Surcharges		224,331
All other		749,882
Total for agency funds		<u>\$ 16,710,874</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	General Obligation Bonds/Notes	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 3,243,856	242,952	312,500	3,799,308
Increases	1,566,144	312,411	71,148	1,949,703
Decreases	2,430,000	290,151	17,838	2,737,989
Balance end of year	<u>\$ 2,380,000</u>	<u>265,212</u>	<u>365,810</u>	<u>3,011,022</u>
Due within one year	<u>\$ 715,000</u>	<u>265,212</u>	<u>-</u>	<u>980,212</u>

### General Obligation Bonds/Notes

On November 27, 2012, the County issued \$1,515,000 of general obligation capital loan refunding bonds to refund \$1,610,000 of general obligation bonds dated July 1, 2005. The County used the refunding bond proceeds to call and retire the Series 2005 bonds on June 1, 2013.

The refunding was undertaken to reduce total debt service payments over the next 5 years by \$123,256 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$120,211.

A summary of the County's June 30, 2013 general obligation bond/note indebtedness is as follows:

Year Ending June 30,	Law Enforcement Center Refunding Notes, Series 2012 Issued Nov 27, 2012		
	Interest Rates	Principal	Interest
2014	0.40-0.45%	\$ 275,000	8,795
2015	0.50-0.55	270,000	7,570
2016	0.60-0.70	270,000	6,085
2017	0.75-0.80	280,000	4,210
2018	0.90-1.00	270,000	1,958
Total		\$ 1,365,000	28,618

Year Ending June 30,	TIF Ethanol Plant Infrastructure Refunding Bonds, Series 2011 Issued Sept 1, 2011			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2014	1.00%	\$ 440,000	11,975	715,000	20,770	735,770
2015	1.25	420,000	7,575	690,000	15,145	705,145
2016	1.50	155,000	2,325	425,000	8,410	433,410
2017		-	-	280,000	4,210	284,210
2018		-	-	-	1,958	1,958
Total		\$ 1,015,000	21,875	2,110,000	50,493	2,160,493

During the year ended June 30, 2013, the County refunded or retired \$2,430,000 of general obligation bonds/notes.

### **(8) Industrial Development Revenue Bonds**

The County has issued a total of \$8,100,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

**(9) Pension and Retirement Benefits**

The County contributes to the Iowa Public Employees' Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the County is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$368,184 \$338,640 and \$293,618, respectively, equal to the required contributions for each year.

**(10) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 101 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

The health coverage, which is a partially self-funded medical plan, is administered by First Administrators, Inc. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 71,067
Interest on net OPEB obligation	12,500
Adjustment to annual required contribution	(12,419)
Annual OPEB cost	<u>71,148</u>
Contributions made	(17,838)
Increase in net OPEB obligation	<u>53,310</u>
Net OPEB obligation beginning of year	<u>312,500</u>
Net OPEB obligation end of year	<u>\$ 365,810</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the County contributed \$17,838 to the medical plan and there were no plan member contributions.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 102,595	27.8%	\$ 250,400
2012	71,132	12.7	312,500
2013	71,148	25.1	365,809

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$617,496, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$617,496. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,152,000 and the ratio of the UAAL to covered payroll was 14.9%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 10%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purposes of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$1,505 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(11) Risk Management**

The County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(12) Employee Health Insurance Plan**

The Internal Service, Employee Health Insurance Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with First Administrators, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators, Inc. from the Employee Health Insurance Fund. The County's contribution to the fund for the year ended June 30, 2013 was \$980,619.

Amounts payable from the Employee Health Insurance Fund at June 30, 2013 total \$197,034, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$1,222,985 at June 30, 2013 and is reported as a designation of the Internal Service, Employee Health Insurance Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 15,411
Incurred claims (including claims incurred but not reported at June 30, 2013)	1,169,555
Payment on claims during the fiscal year	987,932
Unpaid claims end of year	<u>\$ 197,034</u>

**(13) Contingent Liability**

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Northwest Iowa Area Solid Waste Agency required by Chapter 567-113.14 of the Iowa Administrative Code. The County's financial assurance obligation is \$222,472.



**(14) Subsequent Event**

A major disaster declaration was declared by President Obama on July 2, 2013 for the period May 19 to June 14, 2013 for severe storms and flooding for multiple Iowa counties, including O'Brien County. The County is eligible to receive reimbursement from federal and state sources for disaster related projects. As of June 30, 2013, the disaster had not been declared. In addition, FEMA has not finalized approval of projects and committed funding. Therefore, a receivable for disaster related projects has not been recorded.

## **O'Brien County**

### **Required Supplementary Information**

O'Brien County  
Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2013

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 6,605,212	-	6,605,212
Interest and penalty on property tax	36,556	-	36,556
Intergovernmental	4,762,342	-	4,762,342
Licenses and permits	111,692	-	111,692
Charges for service	504,903	-	504,903
Use of money and property	179,698	492	179,206
Miscellaneous	151,626	-	151,626
Total receipts	12,352,029	492	12,351,537
Disbursements:			
Public safety and legal services	2,858,494	-	2,858,494
Physical health and social services	385,691	-	385,691
Mental health	1,197,185	-	1,197,185
County environment and education	943,964	-	943,964
Roads and transportation	3,699,540	-	3,699,540
Governmental services to residents	525,719	-	525,719
Administration	1,061,455	-	1,061,455
Non-program	6,456	-	6,456
Debt service	2,502,239	-	2,502,239
Capital projects	1,109,002	-	1,109,002
Total disbursements	14,289,745	-	14,289,745
Excess (deficiency) of receipts over (under) disbursements	(1,937,716)	492	(1,938,208)
Other financing sources, net	1,548,462	-	1,548,462
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(389,254)	492	(389,746)
Balance beginning of year	6,563,972	61,075	6,502,897
Balance end of year	\$ 6,174,718	61,567	6,113,151

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Net
		Variance
6,715,846	6,674,948	(69,736)
13,000	17,503	19,053
5,353,798	4,720,483	41,859
70,000	70,000	41,692
383,345	407,063	97,840
134,144	168,399	10,807
71,875	123,576	28,050
12,742,008	12,181,972	169,565
2,956,996	3,025,478	166,984
449,951	466,427	80,736
1,937,850	1,209,612	12,427
800,398	1,044,380	100,416
4,434,175	4,434,175	734,635
563,710	559,405	33,686
1,060,155	1,103,374	41,919
9,000	9,000	2,544
993,091	2,502,532	293
1,249,000	1,149,282	40,280
14,454,326	15,503,665	1,213,920
(1,712,318)	(3,321,693)	1,383,485
-	1,511,213	37,249
(1,712,318)	(1,810,480)	1,420,734
4,809,629	6,521,150	(18,253)
3,097,311	4,710,670	1,402,481

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O'Brien County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2013

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 12,352,029	33,480	12,385,509
Expenditures	14,289,745	(240,878)	14,048,867
Net	(1,937,716)	274,358	(1,663,358)
Other financing sources, net	1,548,462	(10)	1,548,452
Beginning fund balances	6,563,972	1,099,547	7,663,519
Ending fund balances	\$ 6,174,718	1,373,895	7,548,613

See accompanying independent auditor's report.

O'Brien County  
Notes to Required Supplementary Information – Budgetary Reporting  
June 30, 2013

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,049,339. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2013, disbursements did not exceed the amounts budgeted.

**O'Brien County**



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O'Brien County

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2011	Jul 1, 2008	\$ -	878	878	0.0%	\$ 3,759	23.4%
2012	Jul 1, 2011	-	617	617	0.0	4,013	15.4
2013	Jul 1, 2011	-	617	617	0.0	4,152	14.9

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

**O'Brien County**

## **Supplementary Information**

O'Brien County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2013

				Special
	Resource Enhancement and Protection	County Recorder's Records Management	Federal Drug Reimburse- ment	Car Seat Program
<b>Assets</b>				
Cash, pooled investments and cash equivalents	\$ 66,961	35,632	-	-
Accrued interest receivable	36	19	-	-
<b>Total assets</b>	<b>\$ 66,997</b>	<b>35,651</b>	<b>-</b>	<b>-</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
None	\$ -	-	-	-
Fund balances:				
Restricted for:				
Drainage purposes	-	-	-	-
Other purposes	66,997	35,651	-	-
Total fund balances	66,997	35,651	-	-
Total liabilities and fund balances	\$ 66,997	35,651	-	-

See accompanying independent auditor's report.

Revenue				
Housing Rehab	Special Environment	Drainage Districts	Capital Projects	Total
33,740	1,480	61,535	-	199,348
7	-	32	-	94
33,747	1,480	61,567	-	199,442
-	-	-	-	-
-	-	61,567	-	61,567
33,747	1,480	-	-	137,875
33,747	1,480	61,567	-	199,442
33,747	1,480	61,567	-	199,442

O'Brien County

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2013

	Resource Enhancement and Protection	County Recorder's Records Management	Federal Drug Reimburse- ment	Special Car Seat Program
Revenues:				
Intergovernmental	\$ 10,472	-	-	710
Charges for service	-	3,664	-	-
Use of money and property	496	253	-	-
Total revenues	10,968	3,917	-	710
Expenditures:				
Operating:				
Public safety and legal services	-	-	4,501	-
Physical health and social services	-	-	-	814
County environment and education	-	-	-	-
Governmental services to residents	-	712	-	-
Capital projects	-	-	-	-
Total expenditures	-	712	4,501	814
Excess (deficiency) of revenues over (under) expenditures	10,968	3,205	(4,501)	(104)
Other financing uses:				
Operating transfers out	-	-	-	(92)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	10,968	3,205	(4,501)	(196)
Fund balances beginning of year	56,029	32,446	4,501	196
Fund balances end of year	\$ 66,997	35,651	-	-

See accompanying independent auditor's report.

Revenue					
Housing Rehab	Special Environment	Drainage Districts	Capital Projects	Total	
-	-	-	-	11,182	
-	-	-	-	3,664	
101	5	492	-	1,347	
101	5	492	-	16,193	
-	-	-	-	4,501	
-	-	-	-	814	
5,930	-	-	-	5,930	
-	-	-	-	712	
-	-	-	231	231	
5,930	-	-	231	12,188	
(5,829)	5	492	(231)	4,005	
-	-	-	(51)	(143)	
(5,829)	5	492	(282)	3,862	
39,576	1,475	61,075	282	195,580	
33,747	1,480	61,567	-	199,442	

**Schedule 3**

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O'Brien County  
Combining Schedule of Net Position  
Internal Service Funds

June 30, 2013

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	Employee	Workers'	
	Health	Compensation	
	Insurance	Self	Total
		Insurance	
<b>Assets</b>			
Cash	\$ 400,133	19,526	419,659
Investments	914,503	-	914,503
Receivables:			
Accounts	104,347	-	104,347
Accrued interest	1,036	-	1,036
<b>Total assets</b>	1,420,019	19,526	1,439,545
<b>Liabilities</b>			
Accounts payable	197,034	-	197,034
<b>Net Position</b>			
Unrestricted	\$ 1,222,985	19,526	1,242,511

See accompanying independent auditor's report.



## O'Brien County

Combining Schedule of Changes in Revenues, Expenses and  
Changes in Fund Net Position  
Internal Service Funds

Year ended June 30, 2013

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Operating revenues:			
Reimbursements from operating funds	\$ 980,619		980,619
Stop loss insurance reimbursements	168,133	-	168,133
Reimbursements from others	24,240	-	24,240
Total operating revenues	1,172,992	-	1,172,992
Operating expenses:			
Health claims and administrative services	1,169,555	870	1,170,425
Operating income (loss)	3,437	(870)	2,567
Non-operating revenues:			
Interest income	10,381	-	10,381
Net income (loss)	13,818	(870)	12,948
Net position beginning of year	1,209,167	20,396	1,229,563
Net position end of year	\$ 1,222,985	19,526	1,242,511

See accompanying independent auditor's report.

**O'Brien County**

O'Brien County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2013

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Cash flows from operating activities:			
Cash received from operating fund reimbursements	\$ 980,619	-	980,619
Cash received from stop loss insurance reimbursements	63,786	-	63,786
Cash received from others	24,240	-	24,240
Cash paid for health claims and administrative services	(987,932)	-	(987,932)
Cash paid for operating fund reimbursements	-	(870)	(870)
Net cash provided (used) by operating activities	80,713	(870)	79,843
Cash flows from investing activities:			
Purchase of investments	(464,503)	-	(464,503)
Interest on investments	10,551	-	10,551
Net cash used by investing activities	(453,952)	-	(453,952)
Decrease in cash and cash equivalents	(373,239)	(870)	(374,109)
Cash and cash equivalents beginning of year	773,372	20,396	793,768
Cash and cash equivalents end of year	\$ 400,133	19,526	419,659
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 3,437	(870)	2,567
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase in receivables	(104,347)	-	(104,347)
Increase in payables	181,623	-	181,623
Net cash provided (used) by operating activities	\$ 80,713	(870)	79,843

See accompanying independent auditor's report.

O'Brien County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Community Schools	Community Colleges
<b>Assets</b>					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,660	226,418	117,686	5,739
Other County officials	55,101	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	106	111	4,834	231
Succeeding year	-	199,000	227,000	8,978,000	461,000
Accounts	662	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 55,763</b>	<b>201,766</b>	<b>453,529</b>	<b>9,100,520</b>	<b>466,970</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	-	-	-
Due to other governments	18,251	201,766	433,996	9,100,520	466,970
Trusts payable	37,512	-	-	-	-
Compensated absences	-	-	19,533	-	-
<b>Total liabilities</b>	<b>\$ 55,763</b>	<b>201,766</b>	<b>453,529</b>	<b>9,100,520</b>	<b>466,970</b>

See accompanying independent auditor's report.

Corporations	Townships	Auto License, Use Tax and Driver's License	E911 Surcharges	Other	Total
41,878	2,645	325,615	193,752	141,238	1,057,631
-	-	-	-	-	55,101
8,018	19	-	-	1	13,320
5,160,000	197,000	-	-	2,000	15,224,000
-	-	-	14,424	123	15,209
-	-	-	107	-	107
-	-	-	-	372,490	372,490
-	-	-	16,048	24,892	40,940
5,209,896	199,664	325,615	224,331	540,744	16,778,798
-	-	-	-	43	43
5,209,896	199,664	325,615	224,331	529,865	16,710,874
-	-	-	-	-	37,512
-	-	-	-	10,836	30,369
5,209,896	199,664	325,615	224,331	540,744	16,778,798

O'Brien County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 18,098	193,617	450,023	8,625,440	416,749
Additions:					
Property and other county tax	-	199,483	227,389	9,012,454	462,800
E911 surcharge	-	-	-	-	-
State tax credits	-	10,573	11,067	468,172	22,813
Office fees and collections	1,094,439	-	-	-	-
Auto licenses, driver's licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	373,355	-	-	-	-
Miscellaneous	-	-	7,162	-	-
Total additions	1,467,794	210,056	245,618	9,480,626	485,613
Deductions:					
Agency remittances:					
To other funds	836,801	-	-	-	-
To other governments	258,537	201,907	242,112	9,005,546	435,392
Trusts paid out	334,791	-	-	-	-
Total deductions	1,430,129	201,907	242,112	9,005,546	435,392
Balances end of year	\$ 55,763	201,766	453,529	9,100,520	466,970

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License, Use Tax and Driver's License	E911 Surcharges	Other	Total
5,168,238	177,286	322,288	157,438	182,226	15,711,403
5,113,401	197,251	-	30,579	27,617	15,270,974
-	-	-	104,988	-	104,988
218,926	9,162	-	-	117	740,830
-	-	-	-	-	1,094,439
-	-	4,442,184	-	-	4,442,184
-	-	-	-	353,560	353,560
-	-	-	-	80,590	453,945
-	-	-	3,517	106,047	116,726
5,332,327	206,413	4,442,184	139,084	567,931	22,577,646
-	-	165,848	-	15	1,002,664
5,290,669	184,035	4,273,009	72,191	209,398	20,172,796
-	-	-	-	-	334,791
5,290,669	184,035	4,438,857	72,191	209,413	21,510,251
5,209,896	199,664	325,615	224,331	540,744	16,778,798

O'Brien County

Schedule of Revenues by Source and Expenditures by Function -  
All Governmental Funds

For the last ten years

	2013	2012	2011	2010
Revenues:				
Property and other county tax	\$ 5,507,469	5,370,568	5,217,546	5,061,082
Local option sales tax	501,867	502,532	549,039	418,232
Tax increment financing	597,052	454,053	277,107	92,439
Interest and penalty on property tax	64,261	36,263	38,333	40,933
Intergovernmental	4,726,524	5,439,839	5,638,539	5,086,425
Licenses and permits	112,510	115,771	73,441	7,925
Charges for service	504,716	471,117	463,818	480,827
Use of money and property	177,478	170,412	167,814	170,910
Miscellaneous	193,632	116,155	114,013	167,836
Total	\$ 12,385,509	12,676,710	12,539,650	11,526,609
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,855,852	2,744,927	2,629,857	\$ 2,578,282
Physical health and social services	385,576	416,749	498,026	498,693
Mental health	907,760	1,928,652	1,689,437	1,538,454
County environment and education	904,547	890,612	770,200	712,447
Roads and transportation	3,713,831	3,533,717	3,608,080	3,282,107
Governmental services to residents	524,493	516,709	478,552	478,305
Administration	1,058,352	978,377	935,515	860,505
Non-program	6,456	5,944	7,099	5,190
Debt service	2,502,239	732,305	374,947	377,459
Capital projects	1,189,761	288,466	882,336	232,698
Total	\$ 14,048,867	12,036,458	11,874,049	10,564,140

See accompanying independent auditor's report.



Modified Accrual Basis					
2009	2008	2007	2006	2005	2004
4,596,836	4,580,718	4,394,292	4,244,506	4,206,237	4,332,901
550,006	567,367	500,479	409,283	398,515	347,754
52,139	-	-	-	-	-
31,568	29,515	25,929	27,537	27,329	28,979
5,316,142	5,427,698	5,010,777	4,903,597	4,613,268	4,474,319
4,050	3,200	2,025	2,945	2,900	2,490
511,611	509,384	455,847	450,537	438,879	429,707
196,765	324,450	292,660	247,089	175,374	122,939
116,706	178,439	182,915	195,699	117,822	92,822
11,375,823	11,620,771	10,864,924	10,481,193	9,980,324	9,831,911
2,720,567	2,623,440	2,506,085	2,429,677	2,088,365	1,988,860
510,089	458,495	413,728	426,163	419,935	401,973
1,866,966	1,954,462	1,790,088	1,610,403	1,481,050	1,432,499
776,160	956,874	553,618	608,032	460,886	457,522
3,347,948	3,294,303	3,187,986	3,117,446	2,971,035	2,869,960
465,164	430,043	408,498	501,337	402,674	385,449
869,095	855,461	834,441	896,972	818,498	816,791
4,942	4,902	7,945	4,856	5,114	5,728
374,721	574,403	363,602	343,075	304,149	301,999
324,506	1,839,258	478,061	1,791,724	1,131,844	518,023
11,260,158	12,991,641	10,544,052	11,729,685	10,083,550	9,178,804

**O'Brien County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of O'Brien County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of O'Brien County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered O'Brien County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of O'Brien County's internal control. Accordingly, we do not express an opinion on the effectiveness of O'Brien County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (C) through (D) to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether O'Brien County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


### O'Brien County's Responses to the Findings


O'Brien County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. O'Brien County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of O'Brien County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 11, 2014

O'Brien County

Schedule of Findings

Year ended June 30, 2013

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared.	Treasurer, Recorder, Sheriff, Public Health/ Sanitation and Ag Extension
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	Treasurer, Recorder, Sheriff and Public Health/ Sanitation
(3) Bank reconciliations are not performed by a person who does not record cash receipts or prepare checks. In addition, bank reconciliations are not reviewed periodically by an independent person for propriety.	Recorder, Sheriff and Treasurer
(4) The person who signs checks is not independent of the person preparing checks, approving disbursements and recording cash receipts.	Recorder

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials and personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons, to the extent possible, and should be evidenced by the signature or initials of the reviewer and the date of the review.

O'Brien County  
Schedule of Findings  
Year ended June 30, 2013

Responses:

Treasurer – With only two people in the tax department, it is impossible to segregate duties. We cross check deposits, balancing, etc. as much as possible to reduce the risk. Deposits to the bank are made daily for each department – tax, motor vehicle and drivers licenses. The Treasurer normally makes all deposits.

Recorder – With our limited staff, we will try to comply as best we can.

Sheriff – We will attempt to comply.

Public Health/Sanitation – We will try to comply with this requirement even though we have a limited number of staff in our department.

Ag Extension – With our limited staff, we will try to comply to the best of our ability.

Conclusions – Responses acknowledged. The Offices should also consider utilizing personnel from other offices or departments to provide additional internal control.

- (B) Financial Reporting – During the audit, we identified material amounts of receivables and payables not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables and payables are properly recorded in the County's financial statements.

Response – The receivable not documented was an oversight. We will try to be more diligent in the future.

Conclusion – Response accepted.

- (C) Commissary Fund - Collections for the Commissary Fund are not deposited in a timely manner.

Recommendation – The Sheriff's department should make deposits timely.

Response – We will make an effort to deposit more timely.

**Conclusion** – Response accepted.

O'Brien County

Schedule of Findings

Year ended June 30, 2013

(D) Public Health – Nurse timesheets are not properly approved by the supervisor.

Recommendation – The timesheets should be signed by the employee and should be reviewed and signed by the employee's immediate supervisor or the County officer or department head prior to submission. The timesheets should support all hours worked and all hours taken as vacation, sick leave, compensatory time, holiday hours and personal days.

Response – This will be resolved by having the Board of Health chairperson sign the time sheet.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

O'Brien County  
Schedule of Findings  
Year ended June 30, 2013

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted.
- (2) Questionable Expenditures – One of the 10 travel expenditures tested may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefit to be received has not been documented. The following transaction was noted:

Name	Description	Amount
Darla Negus	Mileage to Retirement Party	\$42.50

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation.

Response – We will document this in the future.

Conclusion – Response accepted.

- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Diane Harms, Wife of District 1 Foreman	Mowing	\$350
Junelle Grady, Wife of of District 3 Foreman	Mowing	400
Crystal Egdorf, Daughter of District 4 Foreman	Mowing	425

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since the total for each individual did not exceed \$1,500 during the fiscal year.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.



O'Brien County

Schedule of Findings

Year ended June 30, 2013

- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.  
  
Disbursements during the year ended June 30, 2013 for the County Extension Office did not exceed the amount budgeted.
- (10) Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

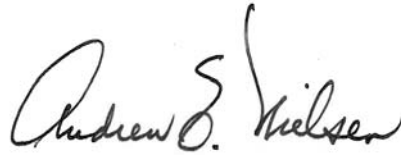
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O'Brien County

Staff

This audit was performed by:

Deb J. Moser, CPA, Manager  
Dorothy O. Stover, Senior Auditor  
Thomas S. Hebert, Staff Auditor  
Trisha S. Kunze, Assistant Auditor  
Kyle C. Smith, Assistant Auditor  
April D. Harbst, Assistant Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA  
Deputy Auditor of State